

THE FOOTBALL LEAGUE LIMITED PLAYERS' NON-CONTRIBUTORY CASH BENEFIT SCHEME

Announcement to Members

Introduction

The Football League and FA Premier League ("the Leagues") sponsor two occupational benefit pension schemes, in which players with all 92 clubs in the Leagues can participate. They are the Football League Limited Players' Non-Contributory Cash Benefit Scheme ("Cash Scheme") and the Football League Limited Players' Retirement Income Scheme ("Income Scheme").

The Cash Scheme provides benefits based upon salary and service with clubs. Historically the benefits have been paid out entirely as tax-free cash. The scheme is funded through the levy on player transfers and as such it is non-contributory for members and membership is automatic.

The Income Scheme is a "money purchase" pension arrangement. Membership is voluntary and members can determine the level of contributions they pay. No other contributions are made to the Income Scheme.

When the provisions of the Finance Act 2004 come into force on 6 April 2006 ("A-Day") they will impose a new limit on the proportion of benefits that a member can take as cash. Only 25% of pension benefits that accrue after A-Day can be taken in cash form. If no action were taken, any post A-Day benefit accrual in the Cash Scheme that could not be paid out as cash would remain in the scheme because it has no facility for providing a pension. This is clearly not in the best interests of the members.

As a pension facility already exists through the Income Scheme, it has been decided to merge the schemes in order that excess funds in the Cash Scheme can be automatically transferred to the Income Scheme at retirement and paid out in pension form. The schemes will be merged with effect from 5 April 2006. The merged scheme will be called the Professional Footballers' Pension Scheme ("Merged Scheme").

We are writing to you because you are a member of the Cash Scheme. You may also be a member of the Income Scheme.

Merger proposal

The merger will involve the transfer of assets and liabilities from the Cash Scheme to the Income Scheme. The Cash Scheme will then be wound up. The Income Scheme will be amended to create the Merged Scheme comprising a Cash Section and an Income Section. Subject to the scheme changes highlighted below, benefits for current players will continue to accrue through the Cash Section as they previously had through the Cash Scheme and through the Income Section as they previously had through the Income Scheme.

Any benefits accrued through the Cash Scheme which cannot be paid out as tax-free cash at retirement under the new Revenue rules will be automatically transferred to the Income Section and used to provide a pension along with any funds separately accumulated under the Income Section. Life assurance benefits will continue to be provided through the Cash Section.

The trustees of both schemes have each taken actuarial and legal advice on the consequences of the proposed merger. Having considered all relevant issues, each set of trustees has decided to agree to the merger.

Scheme changes

Whilst merging the schemes the following changes are also being made:

- Whilst members who have joined the Cash Scheme and/or the Income Scheme before A Day will retain their normal retirement age of 35, members who join the Merged Scheme on or after

6 April 2006 will have a normal retirement age of 55. This is line with a new Revenue requirement.

- From A Day, future benefit accrual for current players through the Cash Section will be conditional on them paying contributions to the Income Section of 3.75% of basic pay (subject to a salary cap starting at £105,600).
- From A Day, the Cash Section will provide its members with a minimum benefit of £5,000 for members who have completed 5 years of service and, for those who have completed less than 5 years of service, £1,000 for each year of service.
- A new range of investment choices will be introduced in respect of contributions to the Income Section.

There is some overlap between the trustees of Cash Scheme and the Income Scheme. In time it is the intention to revise the trustee board of the Merged Scheme so that it incorporates all trustees of the Cash Scheme and the Income Scheme.

How does the merger affect me?

On 5 April 2006 the Cash Scheme will be merged with the Income Scheme. You will automatically become a member of the Cash Section of the Merged Scheme and your benefits will be transferred across. **There will be no change to the value of your benefits accrued before merger.** Additionally, if your benefits through the Cash Scheme are relatively small, they may be enhanced as a result of the operation of the new minimum benefit provisions that will apply to the Cash Section of the Merged Scheme.

If you are a current player, you will only accrue further benefits through the Cash Section during periods in which you contribute at least 3.75% of (capped) basic pay to the Income Scheme. A new range of options for investing your Income Section contributions will be available from 5 April 2006.

You do not need to take any steps in relation to the transfer of your Cash Scheme benefits to the Merged Scheme. If you wish to join the Income Section of the Merged Scheme or change your contributions/ investments in the Income Section you should submit a form to the scheme administrator. Any nomination or expression of wish form already completed by you in respect of death benefits under the Cash Scheme will be passed to the trustees of the Merged Scheme. New forms are available if you wish to change your nomination.

Further information in respect of the merger and copies of the new forms can be obtained on the following web sites:

www.givemefootball.com/pfasection/pensions

www.flpris.com

The trustees recommend that you take independent financial advice before making any decisions in respect of your pension benefits. In particular, you should consider taking advice on the impact that the Finance Act 2004 will have upon you, having regards to your individual circumstances.

For the purposes of the Data Protection Act 1998, the trustees of the Merged Scheme will become the data controllers in respect of any data currently held by the Cash Section trustees in respect of you.

Yours sincerely

For and on behalf of the trustees of the Football League Limited Players' Non-Contributory Cash Benefit Scheme

3 March 2006